

**Agenda Item 4: Resolution Authorizing Extension of the City Loan Term for PEP Housing 575 Vallejo Street Senior Apartments and Finding This Item is Not a “Project” Pursuant to CEQA Guidelines Section 15378(b)(4-5)**

1. How much of the original \$851,800 loan has already been paid to the City?

Response: City funding provided to affordable housing projects is a long-term investment and structured with deferred payments to ensure continued affordability of the project. The terms of the city loans state that payments are made with "Residual Receipts", which is calculated as part of the annual audit. Essentially, if a property has surplus cash after paying all operating expenses, the property would make payments on the city loan/accrued interest. To date PEP has made no payments on the loan/accrued interest. The City has many outstanding loans granted to our various housing partners in the community and very few have surplus cash to pay down loans/accrued interest. For reference, the list of outstanding loans is reported in the annual financial report and can be found in the FY 21 Annual Comprehensive Financial Report on page 74.

2. How long will the affordability be extended for? It should be longer than the term of the loan?

Response: Per the affordability restrictions agreement executed on 12-16-92, the affordability was for a term of 60 years. With the consideration of a ten-year extension (40 years total), there is still an additional 20 years of restrictions.

3. When the loan is refinanced “in the next few years”—can we be more precise? For example, “no later than Jan. 31, 2025.”

Response: Yes, that can be incorporated.

4. When this loan is combined with the 579 Vallejo St. property will this part of that loan be paid off within the “additional 10-year time period,” i.e., by 12/2032 and at the 3% simple interest?

Response: PEP would submit the proposal deal structure and city staff would review at that time the potential payoff or new deal terms. If the city funding remains in the deal, which is common with our affordable housing partners, the affordability restrictions would also be extended.